Ministry of Advanced Education
Student Aid Fund

Annual Report for 2016-17

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Government of Saskatchewan

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Letters of Transmittal

The Honourable Bronwyn Eyre
Minister of Advanced Education

Her Honour, the Honourable Vaughn Solomon Schofield,

Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Student Aid Fund for the fiscal year ending March 31, 2017. The financial statements included in the report were prepared by the Ministry of Advanced Education and audited by the Provincial Auditor of Saskatchewan.

Bronwyn Eyre

Minister of Advanced Education

The Honourable Bronwyn Eyre,

Minister of Advanced Education

Dear Minister Eyre:

We, the Trustees of the Student Aid Fund, have the honour of presenting the Annual Report of the Saskatchewan Student Aid Fund for the fiscal year ending March 31, 2017.

During the year under review, the programs provided through the Fund contributed to a high degree of accessibility to post-secondary education and provided services to meet the needs of individuals and communities in Saskatchewan.

Financial assistance provided through the Fund aligns with the strategies and key actions identified in the 2016-17 Plan for the Ministry of Advanced Education to support Government's goal of sustaining growth and opportunities for Saskatchewan people.

Respectfully submitted,

David Boehm

Trustee

Clare Isman

Trustee

Kent Campbell

Trustee

Introduction

The 2016-17 Annual Report of the Saskatchewan Student Aid Fund (the Fund) provides an overview of the Fund's organization and financial assistance provided in the form of loans, bursaries and grants. The report also includes the Fund's March 31, 2017 financial statements.

Highlights

Highlights of the Saskatchewan Student Aid Fund in 2016-17:

- Saskatchewan Student Loans totalling $59,692,954 were disbursed to 13,864 full-time students;
- A total of 13,831 students were provided with $31,917,893 in debt reduction benefits;
- The Repayment Assistance Plan provided $829,772 in benefits to 4,228 students who were having difficulty repaying their loans;
- Saskatchewan Student Grants in excess of $76,000 were disbursed to 109 students with permanent disabilities and part-time students;
- Total loans receivable were $105,753,232;
- The Federal Student Grant for Services and Equipment for Persons with Permanent Disabilities disbursed $1,410,058 through the Fund; and
- Saskatchewan Student Loan Forgiveness for Nurses and Nurse Practitioners provided $61,556 to 52 nurses and nurse practitioners.

Alignment with Government's Direction

The Ministry supports the strategic priority from the Saskatchewan Plan for Growth: improving education outcomes. Our activities in 2016-17 align with Government's vision and four goals:

Saskatchewan's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

The Saskatchewan Student Aid Fund supports Government's goal of sustaining growth and opportunities for Saskatchewan people and the Ministry's strategy of increasing post-secondary education attainment.

Program Overview

Mandate Statement

The Ministry is responsible for the post-secondary education sector that supports a growing Saskatchewan and that leads to a higher quality of life. The Ministry places a high priority on meeting the needs of students by ensuring that our post-secondary sector is accessible, responsive, sustainable, accountable and provides quality education. Working with our post-secondary institutions, the Ministry is focused on providing opportunities for all students, especially First Nations and Métis people, to prepare them to live, work and learn in Saskatchewan.

The Saskatchewan Student Aid Fund

The Saskatchewan Student Aid Fund was created in 1949 by the Government of Saskatchewan to ensure that students would not be denied access to post-secondary education or training due to lack of financial resources. The Fund administers programs that provide repayable and non-repayable financial assistance to qualified Saskatchewan residents enrolling in approved post-secondary programs.

Students who receive financial support through the Student Aid Fund are able to pay for tuition, books, accommodations and other necessities, allowing them to enrol in post-secondary studies and gain skills that will lead to improved employment and income earning opportunities. For many of these students, pursuing a post-secondary education would have been difficult or impossible without that support.

Authority for administration of the Saskatchewan Student Aid Fund is provided by *The Student Assistance and Student Aid Fund Act, 1985* and related regulations. This legislation calls for:

- Three trustees to administer the Fund;
- A Scholarship, Bursary and Loan Committee to make recommendations to the Minister responsible for post-secondary education; and
- The Ministry, over which that Minister presides, to operate the Fund.

The Saskatchewan Student Loans Program has evolved over the years with the goal of continuing to improve financial accessibility for Saskatchewan students. Throughout this process, many changes have been implemented to streamline the assessment, approval and repayment of student loans.

The Canada-Saskatchewan Integrated Student Loans Program is delivered jointly by the Governments of Canada and Saskatchewan. Financial assistance provided by both levels of government is aligned, where possible, to provide maximum benefit to the student.

The 2016-17 Saskatchewan Student Aid Fund Annual Report represents only Saskatchewan loans and grants. The exception is federal programs (i.e., Federal Student Grant for Services and Equipment for Persons with Permanent Disabilities) that are issued or administered through the Fund. Borrowers are also likely to have received federal loans and grants and may have received funding from other sources as well. Annual report information on the federal portion of loans and grants can be found online at www.esdc.gc.ca/en/reports/cslp_cesp/index.page.

Student Financial Assistance Programs

Full-Time Student Loans

Loans for full-time students are provided through the Canada-Saskatchewan Integrated Student Loans Program. All applications are assessed to determine financial need by subtracting the contributions expected from the student and the student's family from the educational and living costs allowed under the program.

The maximum Saskatchewan Student Loan that can be authorized is $198 per week of study. The exception is medical students, who can be approved for a Saskatchewan Student Loan of up to $365 per week. After completing their program, students may be eligible for a number of benefits to reduce the amount that is repayable. There are also a number of provisions to accommodate students with permanent disabilities.

Interest-Free Status

The provincial government pays the interest on student loans for full-time students while they are attending a designated educational institution. Students are responsible for the interest on student loans from the first day of the first month after they cease full-time study.

Students are not responsible for interest that accrues on their student loans between academic periods if the break is six months or less, and appropriate documentation is submitted.

Students who are attending a designated educational institution as a full-time student, but who are not receiving financial assistance for that year or semester, may keep any federal and provincial student loans in interest-free status by submitting appropriate documentation.

Debt Reduction Benefits

The purpose of debt reduction benefits is to help reduce the amount of loan the student will have to repay. All debt reduction benefits are automatically applied following the study period first against the student's Saskatchewan loan debt and then, if funds remain, against the federal loan debt.

The ***Saskatchewan Student Bursary*** provides assistance to a maximum amount of $140 per week of study to all students (except graduate students, medical students and students who are above middle-income[1]) with loan assistance exceeding $210 per week of study.

The ***Saskatchewan Student Grant for Students from Low-Income[1] Families*** provides assistance in the amount of $58 per week of study to low-income students enrolled in one year programs and to students enrolled in graduate and post-graduate programs.

The ***Saskatchewan Student Grant for Students from Middle-Income Families*** provides assistance in the amount of $23 per week of study to middle-income students enrolled in one year programs and to students enrolled in graduate and post-graduate programs.

The ***Saskatchewan Student Grant for Low-Income Students with Dependent Children*** provides assistance in the amount of $47 per week of study per dependent to low-income students with dependent children between the ages of 12 and 18.

Repayment of Student Loans

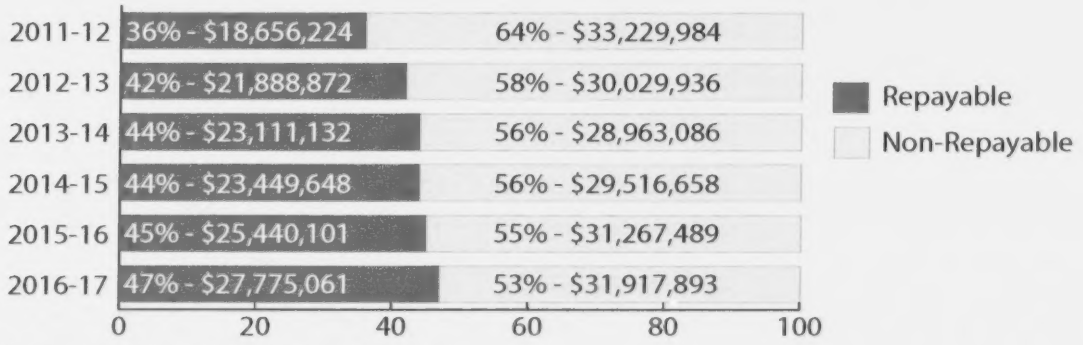
Students with Canada-Saskatchewan Integrated Student Loans make payment arrangements with the National Student Loans Service Centre.

[1] Eligibility thresholds for low-income and middle-income students and families are defined in the Canada-Saskatchewan Integrated Student Loan Handbook 2016-17 edition

Repayment options are available to students who are unable to meet the repayment terms of their loan agreements. Repayment terms may be revised or interest and repayment relief may be provided through debt management tools.

The Saskatchewan Student Loan Forgiveness for Nurses and Nurse Practitioners program provides up to $4,000 per year in Saskatchewan Student Loan forgiveness to a maximum of $20,000 over five years to a nurse or nurse practitioner working in a Saskatchewan community of 10,000 or less.

Repayable and Non-Repayable Assistance



Data source: Advanced Education Student Services and Program Development records

Debt Management Tools

When a borrower is unable to meet the repayment terms, there are a variety of debt management tools available for borrowers with a Canada-Saskatchewan Integrated Student Loan.

The ***Repayment Assistance Plan – Stage 1*** provides repayment deferral to eligible borrowers for a maximum of 60 months. Borrowers with incomes below minimum thresholds do not make monthly payments. Borrowers with incomes above minimum thresholds, but insufficient to cover their entire required payment, make affordable payments that are applied first to principal and then to interest.

The ***Repayment Assistance Plan – Stage 2*** provides loan forgiveness to borrowers demonstrating prolonged financial hardship who have either exhausted Repayment Assistance – Stage 1 benefits or who have been in repayment for 10 years. Borrowers with incomes below minimum thresholds do not make monthly payments. Borrowers with incomes above minimum thresholds but insufficient income to cover their entire required payment make affordable payments. The province will cover the balance of the required payment to ensure that the borrower's debt is completely paid by the end of 15 years from loan consolidation.

The Permanent Disability Benefit is available to all borrowers regardless of when their loan was issued and whose disability prohibits employment or retraining. For borrowers with less severe disabilities where the potential for employment or retraining are impaired, an ***Accelerated Repayment Assistance Plan*** provides for loan forgiveness over a maximum 10 year period. Under the Accelerated Repayment Assistance Plan, borrowers with incomes above minimum thresholds but insufficient income to cover their entire required payment make affordable payments.

Other Saskatchewan Student Grants

The ***Saskatchewan Student Grant for Services and Equipment for Persons with Permanent Disabilities*** provides a maximum of $2,000 per year to Saskatchewan students to cover exceptional education-related expenses directly related to the student's permanent disability.

The ***Saskatchewan Student Grant for Part-Time Studies*** provides for direct educational costs up to a maximum of $800 per year to high need students who are enrolled in part-time studies.

Federal Awards Issued or Administered through the Student Aid Fund

The Canada Student Grant for Services and Equipment for Persons with Permanent Disabilities provides a maximum of $8,000 per year to students to cover exceptional education-related expenses directly related to the student's permanent disability. The grant is administered by the Ministry of Advanced Education. Payments and tax receipts are issued through the Saskatchewan Student Aid Fund.

Summary of Awards and Benefits: 2016-17

Highlighted below is a summary of awards and benefits to assist students in the pursuit of post-secondary education.

Summary of Awards and Benefits: 2016-17		
	Number of Students	**Total Amount**
Full-Time Loans		
Saskatchewan Student Loans Disbursed	13,864	$59,692,954
Debt Reduction Benefits		
Saskatchewan Student Bursary	10,666	$28,599,576
Saskatchewan Student Grant for Persons from Low-Income Families	1,746	$2,174,615
Saskatchewan Student Grant for Persons from Middle-Income Families	974	$463,477
Saskatchewan Student Grant for Low-Income Persons with Dependent Children	445	$680,225
Debt Management Tools		
Repayment Assistance Plan – Stage 1	3,217	$262,708
Repayment Assistance Plan – Stage 2	470	$250,290
Accelerated Repayment Assistance Plan for Borrowers with a Permanent Disability	535	$296,424
Permanent Disability Benefit	6	$20,350
Saskatchewan Student Loan Forgiveness for Nurses and Nurse Practitioners	52	$61,556
Other Saskatchewan Student Grants		
Saskatchewan Student Grant for Services and Equipment for Persons with Permanent Disabilities	47	$32,686
Saskatchewan Student Grant for Part-Time Studies	62	$44,126
Federal Awards		
Canada Student Grant for Services and Equipment for Persons with Permanent Disabilities	419	$1,410,058

Data Source: Advanced Education Student Services and Program Development Records

2016-17 Financial Overview

Management's Responsibility for Financial Statements

The accompanying financial statements are the responsibility of the management of the Ministry of Advanced Education. They have been prepared in accordance with Canadian public sector accounting standards, using management's best estimates and judgements where applicable.

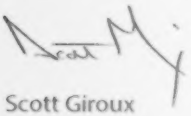
Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Trustees of the Student Aid Fund are responsible for ensuring that management fulfills its responsibilities for financial reporting, internal control and administering the Fund in accordance with *The Student Assistance and Student Aid Fund Act, 1985* and related regulations. The Trustees meet with management to satisfy themselves that management's responsibilities are properly discharged and to review the financial statements. The accompanying financial statements for the year ended March 31, 2017 have been approved by the Trustees of the Student Aid Fund.

The Provincial Auditor of Saskatchewan has audited the financial statements of the Student Aid Fund in accordance with Canadian generally accepted auditing standards and her report follows.

Regina, Saskatchewan

May 17, 2017



Scott Giroux

Acting Assistant Deputy Minister of Corporate Services and Accountability

Ministry of Advanced Education

Provincial Auditor's Report

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Student Aid Fund, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Student Aid Fund as at March 31, 2017, and the results of its operations and changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
May 17, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Financial Statements

Saskatchewan Student Aid Fund

Statement of Financial Position

As at March 31	(thousands of dollars)	
	2017	2016
Financial Assets		
Due from General Revenue Fund (Note 7)	$49	$3,206
Appropriation Due from General Revenue Fund	1,700	1,000
Accrued Interest	22	9
Other Receivables	1,557	1,103
Student Loans Receivable (Note 4)	105,753	94,649
Total Financial Assets	$109,081	$99,967
Liabilities and Net Financial Assets		
Liabilities		
General Revenue Fund Loan (Note 8)	$104,004	$96,004
General Revenue Fund Interest Payable	719	523
Due to Royal Bank of Canada (Note 5)	213	314
Other Accounts Payable	287	146
Total Liabilities	$105,223	$96,987
Net Financial Assets	$3,858	$2,980
	$109,081	$99,967

See accompanying notes to financial statements

Saskatchewan Student Aid Fund

Statement of Operations and Changes in Net Financial Assets

For the Year Ended March 31	(thousands of dollars)		
	Budget (Note 10)	Actual 2017	Actual 2016
Revenue			
Appropriation from the General Revenue Fund	$32,500	$35,000	$32,500
Grant - Federal Canada Student	1,300	1,505	1,293
Interest Revenue from the General Revenue Fund	35	54	50
Interest on Student Loans	1,865	1,983	1,824
Loan Discount Amortization	1,570	1,603	1,678
Recovery of Bad Debt	180	391	222
Other Income	-	7	20
	$37,450	$40,543	$37,587
Expense			
Saskatchewan Student Bursaries	$28,606	$28,600	$27,888
Low-Income and Middle-Income Student Grants	2,703	2,638	2,675
Student Grants for Borrowers with Dependents Age 12-18	713	680	705
Provincial Student Grants - Other	90	77	87
Canada Student Grants	1,300	1,410	1,380
Interest Grants to Students	1,570	1,566	1,515
Royal Bank Interest Differential	-	8	5
Repayment Assistance Plan	1,427	1,238	1,413
Nurses Loan Forgiveness	117	(6)	118
Permanent Disability/Death Benefit	115	125	115
Bad Debt	870	651	619
Interest on General Revenue Fund Loan	2,423	2,141	1,888
Service Provider Costs	170	391	152
Collection Costs	170	146	156
	$40,274	$39,665	$38,716
(Decrease) Increase in Net Financial Assets for the year	$(2,824)	$878	$(1,129)
Net Financial Assets, beginning of year	2,980	2,980	4,109
Net Financial Assets, end of year	$156	$3,858	$2,980

See accompanying notes to financial statements

Saskatchewan Student Aid Fund

Statement of Cash Flows

For the Year Ended March 31	(thousands of dollars) 2017	2016
Cash Receipts provided by (used in) Operating Activities		
Receipts from General Revenue Fund	$34,300	$31,500
Receipts from Federal Government	1,274	1,198
Receipts from Student Loan Repayments Including Interest	16,999	17,695
Receipts of Bank Interest	41	60
Payment of Student Loan Disbursements	(59,693)	(56,708)
Payments to Royal Bank	(127)	(115)
Payments for Bursaries, Grants and Other Student Support	(1,602)	(1,572)
Payments of Interest on General Revenue Fund Loan	(1,944)	(1,900)
Payments of Service Provider and Collection Costs	(405)	(306)
Total Operating	$(11,157)	$(10,148)
Cash Receipts provided by (used in) Financing Activities		
Receipts from General Revenue Fund Loan	$60,000	$56,000
Repayments of General Revenue Fund Loan	(52,000)	(51,000)
Total Financing	$8,000	$5,000
Net Decrease in Due from General Revenue Fund	$(3,157)	$(5,148)
Due from General Revenue Fund, beginning of year	3,206	8,354
Due from General Revenue Fund, end of year	$49	$3,206

See accompanying notes to financial statements.

Saskatchewan Student Aid Fund

Notes to the Financial Statements

March 31, 2017

1. Authority

The Saskatchewan Student Aid Fund (the Fund) operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. The primary purpose of the Fund is to support the Saskatchewan Student Loan Program. The Trustees of the Student Aid Fund administer the Fund.

2. Description of the Program

Under the terms of the Saskatchewan Student Loan Program, student loans are provided to qualifying individuals based on a determination of need. Loans are interest-free while the student is in full-time studies and for a maximum of six months between periods of study. They become repayable on the first day of the seventh month following discontinuance of studies or graduation; however, interest begins to accrue on the first day of the first month following discontinuance of studies or graduation.

Program benefits, including maintenance of loans in interest-free status during periods of study, bursary and grant debt reduction benefits and debt management benefits, are tied to loan years, which commence August 1 and end July 31 of each year.

Provincial student loans managed through the Student Aid Fund consist of:

- loans financed by the Province issued prior to August 1, 1996;
- loans financed by Royal Bank during the period August 1, 1996 to July 31, 2001; and
- loans financed by the Province effective August 1, 2001, under the Canada-Saskatchewan Integration Agreement for the Administration of Federal and Provincial Student Loans.

Benefits of the Saskatchewan Student Loan Program are available to borrowers under all three program regimes.

For Canada-Saskatchewan integrated student loans issued under the Canada-Saskatchewan Integration Agreement for the Administration of Federal and Provincial Student Loans:

- the Ministry of Advanced Education (the Ministry) provides loan authorization for both Saskatchewan and Canada loans;
- an external agency (service provider) manages loan disbursement, administration and repayment; and
- the Government of Canada is responsible for the collection of bankrupt and defaulted loans.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Revenue Recognition

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made.

Interest on Student Loans and Interest Revenue from the General Revenue Fund are recorded when receivable.

Recovery of Bad Debt is recorded when received.

c) Expenses

Saskatchewan Student Bursaries, Low-Income and Middle-Income Student Grants and Student Grants for Persons with Dependents Age 12 to 18 are recorded when the transfer is authorized and as eligibility criteria are met by students over their period of study.

The Royal Bank Interest Differential, Repayment Assistance Plan, Nurses Loan Forgiveness, Permanent Disability/Death Benefit, and Bad Debt Expense are recorded based on estimates of expected utilization.

Interest Grants to Students reflect the cost of holding student loans in interest-free status during periods of study. The cost is recorded at the time of loan disbursement and amortized to revenue over the estimated interest-free term (Loan Discount Amortization).

Interest on General Revenue Fund Loan is recorded over the term of the loan.

Collection Costs and Service Provider Costs are recorded in the period that the service was provided.

Canada Student Grants and Provincial Student Grants – Other are expensed when approved and eligibility criteria are met.

d) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Measurement uncertainty impacts Student Loans Receivable (Note 4) and Due to Royal Bank of Canada (Note 5).

e) Financial Instruments

The Fund's significant financial instruments consist of Due from General Revenue Fund, Appropriation Due from General Revenue Fund, Accrued Interest, Other Receivables, Student Loans Receivable, General Revenue Fund Loan, General Revenue Fund Interest Payable, Due to Royal Bank of Canada and Other Accounts Payable.

Due from General Revenue Fund is recorded at cost. Appropriation Due from General Revenue Fund, Accrued Interest, Other Receivables, Other Accounts Payable, and General Revenue Fund Interest Payable are recorded at amortized cost. All items are short-term in nature and as such their carrying value approximates fair value.

Student Loans Receivable, General Revenue Fund Loan and Due to Royal Bank of Canada are recorded at amortized cost. These items are all long-term in nature. As there is no market for selling or settling these assets or liabilities, the determination of the fair value of these assets or liabilities is not practicable.

f) Student Loans Receivable

Student Loans Receivable are recorded at cost less allowances. Cost includes the amount advanced, accrued interest and other charges, less repayments, bursaries and grants. Simple interest is charged on loans following the interest-free in school period. Payments on loans are first applied to interest, then to outstanding principal.

For loans held by the Fund, allowances are deducted from loans receivable for the following:

i) estimated uncollectible loans due to default on repayment, based on past collection experience;

ii) the cost of holding student loans in interest-free status; and

iii) estimated debt reduction and debt management benefits.

g) New Accounting Standards Not Yet in Effect

A number of new Canadian public sector accounting standards and amendments to standards are not yet effective for the Fund and have not been applied in preparing these financial statements. The following standards will become effective as follows:

i) PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions.

ii) PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets.

iii) PS 3320 Contingent Assets (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contingent assets.

iv) PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contractual rights.

v) PS 3420 Inter-Entity Transactions (effective April 1, 2017), a new standard establishing guidance on accounting for and reporting on transactions between organizations in the government reporting entity.

The Fund plans to adopt these new and amended standards on the effective date and is currently analyzing the impact this will have on these financial statements.

4. Student Loans Receivable

	(thousands of dollars)	
	2017	2016
Gross Student Loans Receivable, beginning of year	$156,240	$146,136
Add:		
New loans during the year	59,693	56,707
Legal fees	8	24
Interest earned on student loans	2,194	2,051
Deduct:		
Loan repayments	(16,826)	(17,457)
Amounts authorized to reduce loans	(32,288)	(31,200)
Loans written off	-	(21)
Gross Student Loans Receivable, end of year	$169,021	$156,240

Gross Student Loans Receivable	$169,021	$156,240
Allowance for Repayment Assistance Plan	(8,960)	(8,527)
Allowance for Nurses Loan Forgiveness	(589)	(656)
Allowance for Permanent Disability/Death Benefit	(530)	(560)
Interest Grants to Students	(2,413)	(2,448)
Student Bursaries Payable	(20,430)	(19,964)
Low-Income and Middle-Income Grants Payable	(1,559)	(1,497)
Student Grants for Borrowers with Dependents Age 12-18	(424)	(441)
Allowance for Uncollectible Loans	(28,363)	(27,498)
Student Loans Receivable	$105,753	$94,649

Student Loans Receivable consist of amounts owing by borrowers for loans granted prior to the Canada-Saskatchewan Integration Agreement (2017 - $9 thousand; 2016 - $13 thousand), and subsequent to the Integration Agreement (2017 - $169,012 thousand; 2016 - $156,227 thousand), offset by debt reduction benefits payable, debt management benefits payable and the allowance for uncollectible loans.

Included in the amounts authorized to reduce loans are Student Bursaries, Low-Income and Middle-Income Student Grants and Student Grants for Persons with Dependents Age 12 – 18.

Variability in Student Loans Receivable

Estimation is a factor in the following offsets to Gross Student Loans Receivable:

- ***Allowance for Repayment Assistance Plan*** is an estimate of future costs based on projected prime rates of interest, projected months of repayment assistance utilization and estimates for program uptake.
- ***Allowance for Nurses Loan Forgiveness*** is an estimate of future costs based on projected average debt levels and estimates of program uptake.
- ***Allowance for Permanent Disability/Death Benefit*** is an estimate of future costs based on estimates of program utilization in relation to projections of future average value of loans in study, loans in repayment and defaulted loans.
- ***Interest Grants to Students*** is calculated assuming that students remain in school for an average of three years, and applying the Fund's borrowing rate.
- ***Allowance for Uncollectible Accounts***

  The Fund is exposed to losses in the event that borrowers default on repayment of their student loans. The Fund's maximum risk is represented by Gross Student Loans Receivable.

  Management estimates are used to determine the dollar value of loans expected to be uncollectible. Interest income continues to be earned on all loans to the point of write-off. The recorded Allowance for Uncollectible Loans includes provision for interest income earned on impaired loans.

The allowances could reasonably be expected to fluctuate in the next 12 months as follows:

	(thousands of dollars)		
	2017 Actual	2017 Range of Accruals	2016 Actual
Allowance for Repayment Assistance Plan	$8,960	$6,100 to $12,400	$8,527
Allowance for Nurses Loan Forgiveness	$589	$500 to $700	$656
Allowance for Permanent Disability/Death	$530	$430 to $640	$560
Interest Grants to Students	$2,413	n/a	$2,448
Allowance for Uncollectible Loans	$28,363	$26,700 to $30,100	$27,498

5. Due to Royal Bank of Canada

The Fund estimates amounts due to Royal Bank of Canada. Estimation is a factor in the following:

- ***Repayment Assistance Plan*** is estimated based on projections of prime rates of interest, projected months of repayment assistance utilization and value of loans on Repayment Assistance.
- ***2.5% Interest Differential*** is estimated based on projections of outstanding loan balances and projections of borrowers who will make required payments.
- ***Permanent Disability/Death Benefit*** is estimated based on an historical analysis of past claims and projected future loan values.

These allowances could reasonably be expected to fluctuate in the next 12 months as follows:

	(thousands of dollars)		
	2017 Actual	2017 Range of Accruals	2016 Actual
Repayment Assistance Plan	$156	$130 to $190	$231
2.5% Interest Differential	$33	$28 to $40	$50
Permanent Disability/Death	$12	$0 to $29	$14
Other Payables	$12	n/a	$19
Due to Royal Bank of Canada	$213		$314

6. Financial Instruments and Risk Management

Through its financial assets and liabilities, the Fund is exposed to various risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in so doing, cause a loss for the other party. For the Fund, credit risk is significant with respect to potential non-repayment of student loans.

Mitigation processes aimed at minimizing credit losses begin with procedures that support the granting of loans and are ongoing throughout the loan life cycle such as conducting credit checks, providing repayment support to low-income borrowers, and undertaking well-defined procedures for addressing loan delinquencies.

Loans are interest-free during periods of study and become repayable on the first day of the seventh month after graduation or discontinuation of study. The Fund's maximum risk is represented by Gross Student Loans Receivable detailed in Note 4.

The following table sets out details of Gross Student Loans Receivable and Allowance for Uncollectible Loans:

	(thousands of dollars)	
	2017	2016
Loans in Study (no payments due)	$91,833	$85,751
Loans in Repayment:		
Current or Receiving Debt Management Benefits	56,258	50,293
Up to 270 Days Past Due (Delinquent)	2,446	2,460
Over 270 Days Past Due (Default)	18,484	17,736
Loans in Repayment, Principal and Accrued Interest	$77,188	$70,489
Total Gross Student Loans Receivable	$169,021	$156,240
Allowance for Uncollectible Loans	(28,363)	(27,498)
Debt reduction and debt management benefits payable	(34,905)	(34,093)
Student Loans Receivable	$105,753	$94,649

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Loans in Repayment and General Revenue Fund Loan are subject to interest rate risk related to repayment terms.

For Loans in Repayment, the current portfolios have effective interest rates of 2.7% to 6.5% (2016 – 2.7% to 6.5%). Interest rates are charged pursuant to *The Student Assistance and Student Aid Fund Regulations, 2001* and *The Saskatchewan Student Direct Loans Regulations*.

For the majority of loans held by the Fund, interest rates are set at the option of the student either at a floating rate or a fixed rate at the time of loan consolidation. The floating rate is equal to prime and the fixed rate equal to prime plus 2.5%.

Interest Rates for Loans in Repayment are as follows:

	(thousands of dollars)	
	2017	2016
Interest Rate		
2% - 2.9%	$74,808	$68,423
4% - 4.9%	5	7
5% - 5.9%	47	47
6% - 6.9%	9	10
Loans in Repayment, Principal	$74,869	$68,487

The total interest revenue earned on loans in repayment is a small portion of the Fund's total revenue. Changes in interest rates and the resultant increase or decrease in Interest on Student Loans revenue are managed within the Fund's finances or, if necessary, through changes in the appropriation from the General Revenue Fund.

Interest rates for the General Revenue Fund loan are adjusted quarterly and reflect the Province's eight year cost of borrowing. Resources to manage the cost of borrowing are provided to the Fund through an annual appropriation. Variations in interest rates are managed within the Fund's finances or, if necessary, through changes in the appropriation from the General Revenue Fund.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting financial obligations as they fall due. Management undertakes regular cash flow analyses to ensure that there are sufficient cash resources to meet all obligations. Further, the Fund's liquidity risk is minimal as the Fund's bank accounts are supported by the Province of Saskatchewan.

7. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid quarterly by the General Revenue Fund to the Fund using the General Revenue Fund's 30-day borrowing rate and the Fund's average daily bank account balances.

8. General Revenue Fund Loan

Effective August 1, 2001, the Province assumed responsibility for the financing of student loans. A loan from the General Revenue Fund is provided to the Student Aid Fund to support this role.

The interest rate charged on the General Revenue Fund Loan is at the Province's eight year cost of borrowing. The Province's average eight year cost of borrowing rate for 2017 was 2.1% (2016 – 2.1%). Under the terms of the loan agreement, the Student Aid Fund makes quarterly interest and annual principal payments to the General Revenue Fund. The dollar amount of required principal loan payment is calculated as the sum of debt reduction benefits applied against student loans, the principal portion of student payments received by the Saskatchewan Student Aid Fund and accounts written off.

9. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by the Ministry. Accordingly, no provision for these costs is reflected in these financial statements. Other related party transactions are disclosed separately in these financial statements.

10. Budget

The operating budget was approved by the Trustees of the Student Aid Fund on May 9, 2016.

For More Information

If you have any questions or comments we invite you to call 1-800-597-8278 or contact:

Ministry of Advanced Education
1120 - 2010 12th Avenue
Regina, Saskatchewan S4P 0M3

The Ministry of Advanced Education produces three annual reports:

- The Ministry of Advanced Education Annual Report 2016-17
- Student Aid Fund Annual Report 2016-17
- Training Completion Fund Financial Statements 2016-17

To obtain more information about the programs and services contained in this Annual Report or to view other annual reports visit our website at saskatchewan.ca.